

# MONTANA Economy at a Glance

AUGUST 2008

## EMPLOYMENT BY INDUSTRY

(Does not include self-employed or agricultural employment)

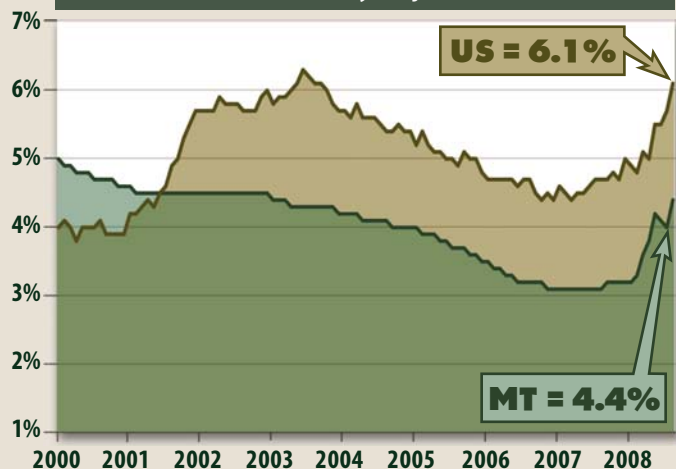
Industry Employment (in thousands)	Aug(P) 2008	July 2008	Net Change	Percent Change
Total Non-Agricultural	453.8	450.5	3.3	0.7%
Natural Resources & Mining	8.4	8.4	0.0	0.0%
Construction	31.8	31.4	0.4	1.3%
Manufacturing	20.6	20.4	0.2	1.0%
Trade, Transportation, & Utilities	93.9	93.6	0.3	0.3%
Information	7.8	7.8	0.0	0.0%
Financial Activities	22.0	22.0	0.0	0.0%
Professional & Business Services	40.8	40.9	-0.1	-0.2%
Education & Health Services	61.2	61.0	0.2	0.3%
Leisure & Hospitality	60.1	59.5	0.6	1.0%
Other Services	17.8	17.8	0.0	0.0%
Total Government	89.4	87.7	1.7	1.9%

(P) denotes preliminary figures

Montana's seasonally-adjusted non-agricultural payroll employment increased by 3,300 jobs (+0.7%) from July to August 2008. A recent program adjustment has changed the way government jobs are counted. Therefore, the gains within Total Government may not truly represent new jobs. Leisure & Hospitality, added 600 (+1.0%) new jobs, while Construction gained 400 (+1.3%).

## UNEMPLOYMENT RATE

Seasonally Adjusted



Montana's seasonally-adjusted unemployment rate increased to 4.4% in August 2008 from 4.0% in July. The U.S. rate also rose over the month, increasing from 5.7% to 6.1% in August.

## NON-FARM EMPLOYMENT

In Thousands



Research and Analysis Bureau

"Montana's Workforce Information Center"

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# Labor Day Report 2008



On September 2nd, 2008, The Montana Department of Labor and Industry's Research & Analysis Bureau unveiled its annual report on the state of the Montana economy: The Labor Day Report 2008. The focus of this year's report was growth in jobs and wages. This article provides a brief overview of the 2008 report. To view the full report, please visit the publications section of our website at [www.ourfactsyourfuture.org](http://www.ourfactsyourfuture.org).

## Employment Growth

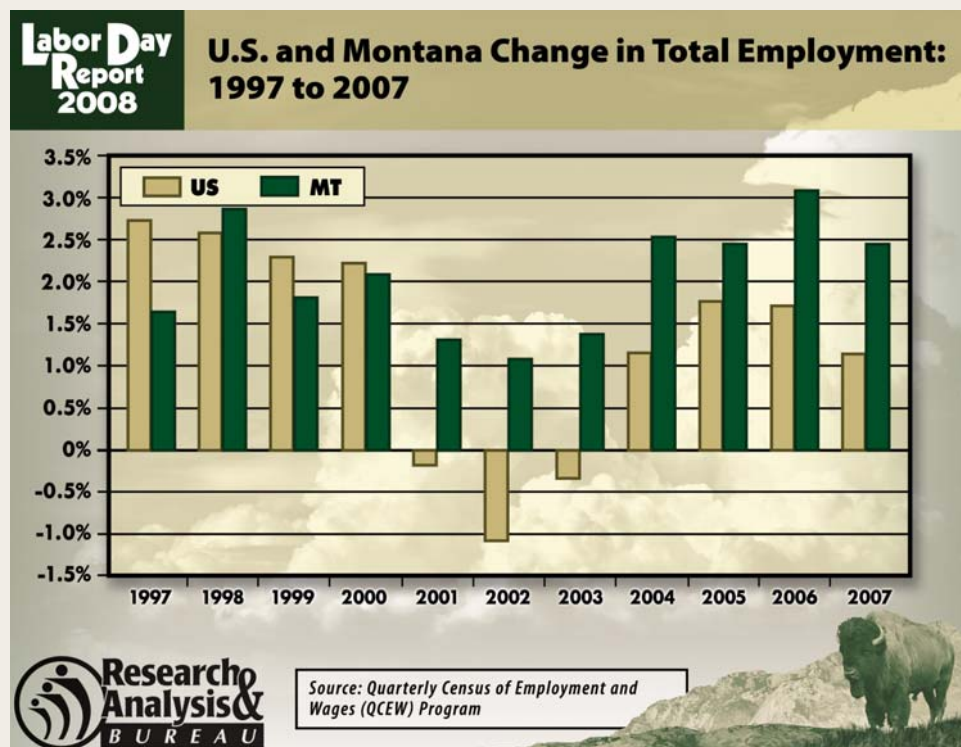
From January to July 2008, Montana was the 3rd fastest-growing state in the country in terms of payroll employment, which increased by 5.3%.

This recent growth continues a seven-year trend of outpacing the nation's employment growth (*see Figure One*). Over the past decade, Montana's employment has grown at an annual compound-

ing rate of 2.1%, compared to the 1.1% rate the U.S. achieved over the same period.

Employment growth is currently strongest in western Montana, with the fastest growth occurring around Gallatin and Flathead Counties. As Figure Two illustrates, Montana's strong employment growth is not spread evenly across all areas of the state.

Figure One.





Over the past year, the industry sectors that have experienced the fastest employment growth are the Professional and Business Services sector, with 7.1% growth from 2006 to 2007, and the Construction sector, also with 7.1% growth.

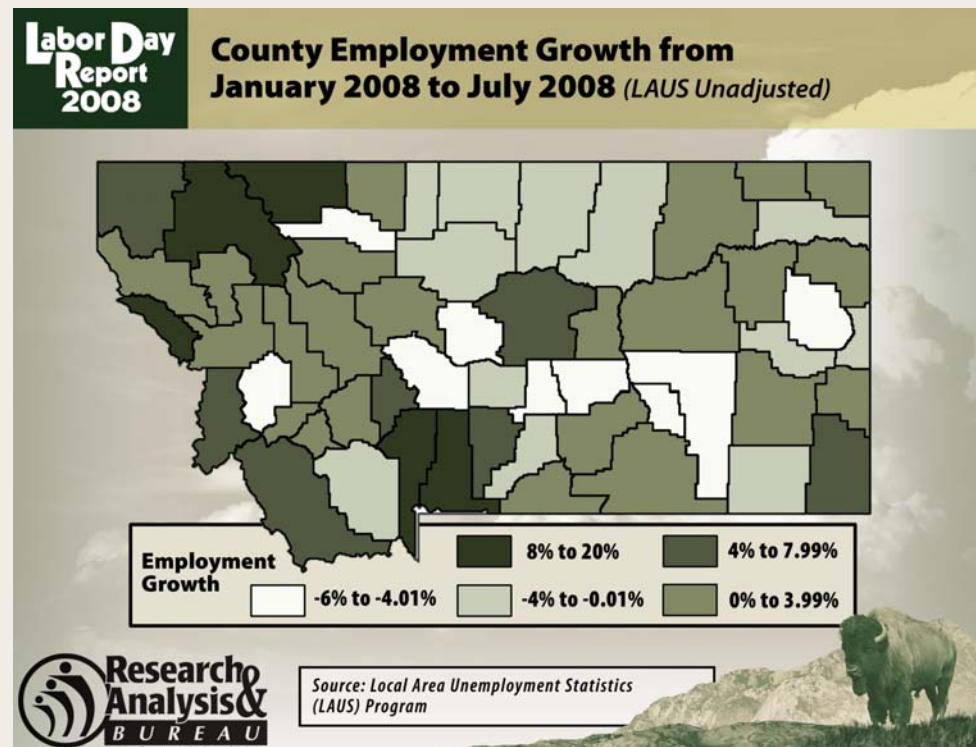
### Wage Growth

Average wages in Montana have been on the rise, outpacing inflation since 2001 and the national average since 2005. Figure Three shows the average annual real (inflation-adjusted) wage in Montana.

Figure Three.



Figure Two.



Clearly, wage growth is good news for the workers who take home a bigger paycheck, but it can also be a boon for businesses, which benefit from the increase in money that consumers can spend on goods and services.

While some businesses face a significant challenge in keeping up with rising labor costs, a focus on worker training can increase employee productivity and help businesses attract and retain employees.

All of Montana's private industries enjoyed strong wage growth from 2006 to 2007. Construction led all industries, with a 7.6% increase in annual average wages.





Wages in Leisure and Hospitality, Montana's lowest paying sector, increased by 7.1% (or \$887) over the year, while wages in the highest paying sector, Natural Resources and Mining, increased by 3.7% (or \$1,894), reaching nearly \$53,000.

Part of the credit for the recent wage growth goes to Montana's low unemployment rate. Economic theory indicates that when the demand for labor outpaces the supply, wages will increase as employers try to attract workers.

**Figure Four.**

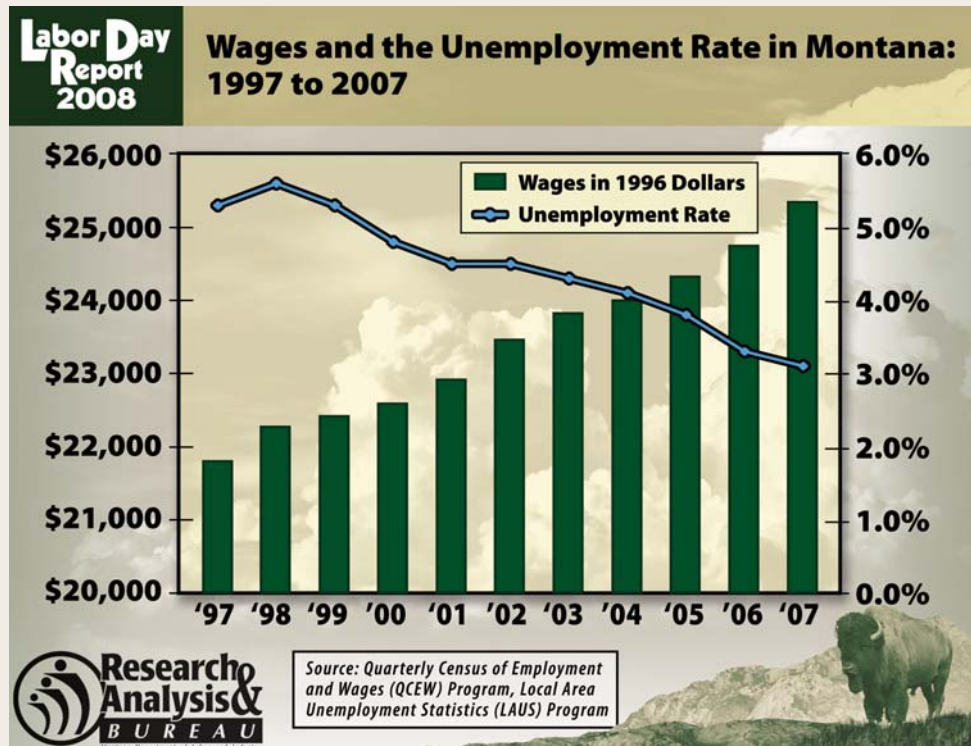
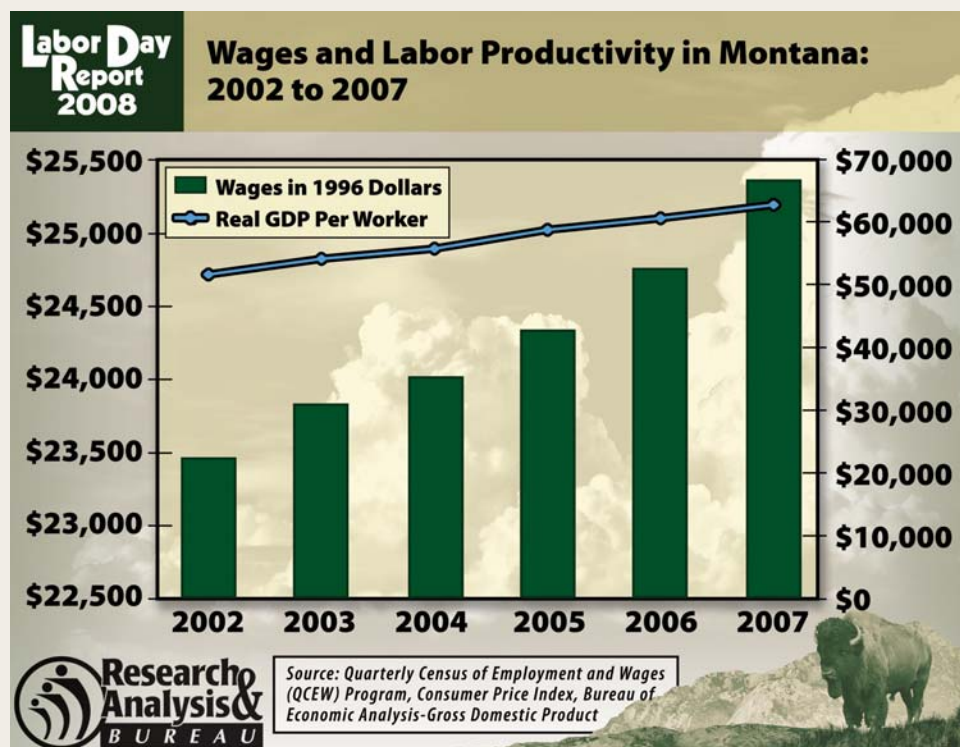


Figure Four illustrates a clear correlation between the unemployment rate and real wage in Montana.

**Figure Five.**



Credit for Montana's strong wage growth also belongs to Montana's workers and their increased productivity in recent years.

Figure Five illustrates the relationship between wages and real state Gross Domestic Product per worker (a measure of productivity). As GDP increases, wages also increase. The relationship is not exact, however, since improvements in technology and equipment also contribute to an increased state GDP.



Generally, businesses have an easier time managing wage increases based on improved labor productivity than those based on a tightening labor market. Labor productivity increases result in higher output per worker, providing the business with additional income to distribute in wages. In a tightening labor market, businesses must invest significant time and effort in recruiting and retaining workers.

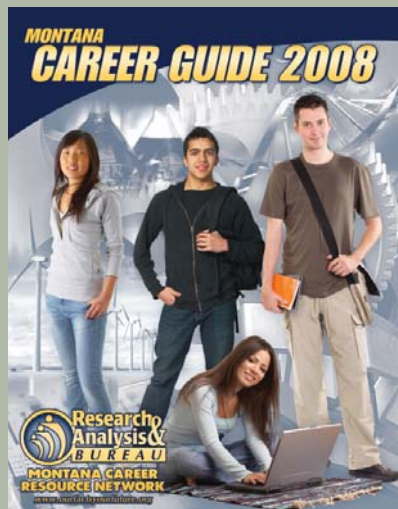
The demand for low- and mid-skilled workers is expected to continue in the future due to continued job growth paired with a diminishing labor pool caused by an aging workforce. It is expected that this demand for workers will continue to exert an upward pressure on Montana's wages. This means that Montana businesses will face the continued challenge in balancing workforce needs against rapid wage growth. However, this challenge is not without its solutions.

Businesses might try recruiting workers from declining industries or from populations with lower workforce participation rates, such as workers over 65, American Indians, young workers, non-high school completers, and ex-offenders.

An increased focus on worker training is another option for businesses that wish to increase worker productivity while offering higher wages. Worker training programs allow employers to recruit new workers who may not yet possess the full skill set necessary. Such programs can also help businesses retain workers by affording them new job challenges and opportunities for career advancement.

Programs offered by the Montana Department of Labor and Industry can help workers and employers keep up with the training needs demanded by rapidly changing technologies and work environments. For instance, the Montana Apprenticeship Program allows apprentices to earn a steadily increasing wage while learning the necessary skills for their trades. Additionally, the Incumbent Worker Pilot Program provides cost-sharing for small businesses to provide additional training to their existing employees in order to improve their productivity and address skill deficiencies.

A commitment to worker training by government, businesses, and workers can help industry and our workforce prepare for future workforce demands.

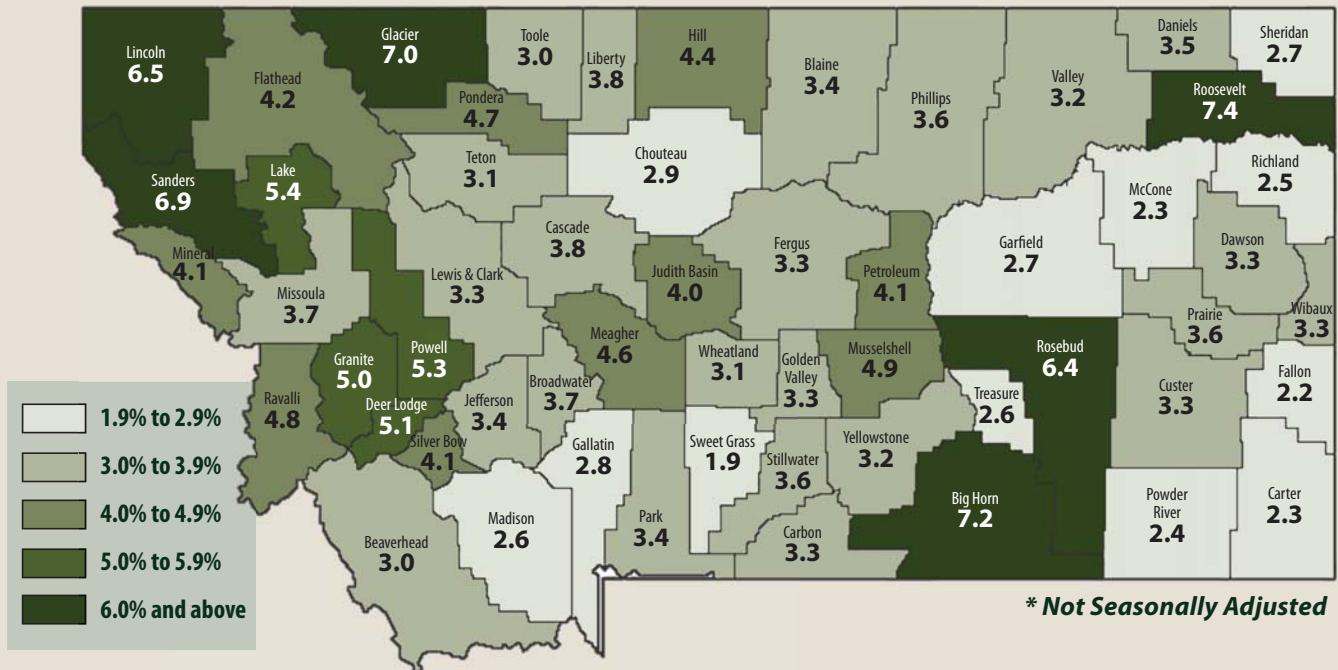


## **Montana Career Guide 2008**

The 2008 Montana Career Guide will be mailed to all Montana high schools to be distributed to all sophomores in early October. The Career Guide is an essential resource for anyone needing career information, including resume writing, job searching and interviewing, post-secondary education and training, and occupational information such as wages, education requirements, and annual openings. The Career Guide will also be available for download at [www.ourfactsyourfuture.org](http://www.ourfactsyourfuture.org). For more information or to request a printed copy, please contact Donetta Clark at 1-800-541-3904.

# County Unemployment Rates\* - August 2008

**Montana Average Rate: 3.8%**



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